

**MINUTES
CHICOPEE MOBILEHOME RENT CONTROL BOARD
MARCH 14, 2011 @ 6:00 P.M.**

MEMBERS PRESENT

Robert Hopkins, Sharyn Riley, Ronald Lafond

ALSO PRESENT

Christine Lessing-Provost, Attorney to the Board
Chantal Paul, Secretary to the Board

OLD BUSINESS

Robert Hopkins: Present are the folks from Kon Tiki and Holiday Parks and we're going to continue our mission to try to come to a resolution for the mobilehome park increases requested on both of them and we have had the evidentiary period already over two meetings, this is the night where we will deliberate and come up with the correct figures. We are going to start with Holiday Park. We don't have minutes, correct.

Chantal Paul: No.

Robert Hopkins: We will delay the approval of minutes from the last two meetings which were recorded.

Robert Hopkins: The rules of the City of Chicopee requires under statute that the fair net operating income is determined by the evidence presented and it was presented by Holiday as 6/25% as the mortgage rate currently. Okay so for Holiday 2010 there was a piece of evidence that was not included, the summary was not included, we would not accept it because it was passed the time for evidence.

Section 1-Administrative Costs

Robert Hopkins: Let me review what Section 1 was and that was the cost of 80%...

Sharyn Riley: Are you looking at the total or are you looking at Phase 1 verses Phase 2? The first column is the grand total.

Robert Hopkins: Office supplies; \$600.61, Main Phone Line; \$411.07 required by statute again. Do we agree those are all reasonable, appropriate costs?

Sharyn Riley: We agreed that they were reasonable costs but we had decided to take the Rent Control Printing under separate item.

Robert Hopkins: Section 1 we determined it to be \$37,813.06.

Section 2-Operating Expenses

Robert Hopkins: Alright, Section 2-Operating Expenses; Electric; \$1,055.97, Water is \$54,607.90, except there's one lot that is not applicable, is that correct?

Ronald Lafond: Correct.

Robert Hopkins: So \$54,607.90 would not include that one tenant?

Ronald Lafond: Hopefully it does not.

Robert Hopkins: Plus \$19,800.00 for snow removal.

Robert Lefebvre: That was a projected number.

Robert Hopkins: You are correct, attorney. We didn't go through Section 2; we stopped the meeting by that time.

Christine Lessing-Provost: I believe you ended with Section 1. So you have to determine as a Board whether those are reasonable and what...

Robert Hopkins: Alright, the evidence presented for the electric \$1,055.97 is an actual figure, correct? I think that's reasonable. Water and sewer, I think is a reasonable expense; the snow removal \$19,800.00 didn't we have bids are part of the evidence package. So the \$19,800.00 is not substantiated other than as a projection, correct?

Anita Rondeau: No, that's the bid.

Robert Hopkins: Oh that's the bid from the contractor. That's sanding as well?

Anita Rondeau: Yea, (inaudible).

Robert Hopkins: Do we have a 2009 figure that was submitted?

Robert Lefebvre: The 09 numbers are in the package, there's no summary.

Sharyn Riley: I thought we decided at our last meeting that we weren't going to look at 09.

Robert Hopkins: We weren't going to look at 09 because I didn't realize we didn't have any actual expenses from 2010.

Sharyn Riley: Well, the hard part is when you're talking snow and you look at two different years, they could be at opposite ends of the spectrum.

Robert Lefebvre: the burden is (inaudible) they can come back again next year for 2011.

Robert Hopkins: You are correct. Were there any actual expenses from the contractor during 2010?

Anita Rondeau: I threw in a projection of \$19,000...

Christine Lessing-Provost: We don't have the 2010, it was not submitted though.

Robert Hopkins: Correct, we can't consider it because it was not submitted.

Christine Lessing-Provost: It wasn't submitted as evidence in the package.

Robert Hopkins: We considering the evidence of the snow removal what was submitted was projected not actual. We'll have to deliberate and come up with something; there was certainly a lot more snow this year than last year. Based on the evidence what was submitted as the projection and what is actual reasonable and proper. They did receive a bid for \$19,800.00 for snow removal, \$900.00 for sidewalk snow removal and salting for \$5,600.00 from the vendor. The bid received for snow, salting, sanding was \$26,300.00 for 2010 projection.

Robert Lefebvre: Is that contractor being used?

Anita Rondeau: Yes.

Sharyn Riley: What happened in January doesn't matter.

Robert Hopkins: Yes, this is true.

Sharyn Riley: I'm leaning toward the 2010 number. We have to base it on what we have.

Robert Hopkins: If we gave them half of it, it would be \$13,150.00.

Sharyn Riley: I make the Motion to this figure.

Ronald Lafond: I second.

Robert Hopkins: Snow removal items \$13,150.00. All in favor? Approved. **Motion passes unanimously.**

Robert Hopkins: The trash removal is projected again and not actual and the actual is one of the employees going with a U-haul picking up trash door to door and, again, there was a lot of discussion in our previous hearing about whether they wanted a dumpster or door to door and that conversation really doesn't belong with the Board, that belongs between the tenant and the owners. They don't know what they want to get, how can we give them the money for it because it hasn't happened.

Sharyn Riley: I make the Motion to go with \$16,000.00 for trash.

Ronald Lafond: I second that Motion

Robert Hopkins: All in favor? Approved for \$16,000.00. *Motion passes unanimously.*

Robert Hopkins: Lawn and landscaping \$3,659.40, again, that will be the common areas, tree, trimming.

Sharyn Riley: I think that's reasonable.

Robert Hopkins: Okay, Office Lease; \$4,800.00. I think we already talked about that as being reasonable.

Christine Lessing-Provost: (calculates all totals): \$93,273.27.

Section 3-Maintenance Expense

Robert Hopkins: Section 3 Light Post Repair, \$ and new lights, looks like reasonable expenses, already done.

Sharyn Riley: Not done.

Robert Hopkins: I thought the street lights were done.

Sharyn Riley: That's proposed.

Robert Hopkins: So repairs stay in and lights come out, right?

Board: Yes.

Robert Hopkins: Phone system was a done deal, they did it, they fixed it. Rubbish Area Set-up, that's proposed, that would be a pad for the dumpster, but we didn't go with that. General Maintenance \$2,400.00, \$200.00 a month, that seems like a reasonable amount to me for Phase 1 and Phase 2. The Fence Repairs are okay because it's not a capital improvement, that's a repair.

Robert Lefebvre: Actually, it is a capital improvement.

Robert Hopkins: Not done, can't do it. Attorney Lessing.

Christine Lessing-Provost: \$3,661.90.

Section 4-Taxes & Insurances

Robert Hopkins: Section 4 Taxes & Insurances, I think they're all actual expenses, are they not? Real Estate Phase 1 & 2. The insurance for Phase 1 \$9,275.38, Phase 2 is \$25,644.74, the City required Trailer Fees are \$9,216.00 the mandatory Workman's Compensation insurance is \$180.00, and the General Liability Insurance for Holiday is \$4,499.80.

Christine Lessing-Provost: \$48,815.92.

Robert Hopkins: Okay, that concludes the evidence that we have on the actual expenses, not projected or things to be amortized at a later date. The grand total would be \$37,813.06 for Section 1 plus \$93,273.27 for Section 2, the maintenance costs \$3,661.90 plus the taxes, including the individual trailer health tax is \$48,815.92. So that figure would be...total expenses for all aspects of operation as we determine.

Christine Lessing-Provost: \$183,564.15.

Robert Hopkins: Okay, so those are determined by evidence reasonable operating expenses for Phase 1 and 2. Now the owner is entitled to a fair net operating income return and Attorney Lessing has the statute that requires...(reads the Ordinance). Well, the evidence submitted was the assessed value of the property as assessed by the City of Chicopee for taxation. So that means that it's part of the formula, I think we must accept at 6.5% for operating expense as submitted in evidence.

Robert Lefebvre: Unless you can use the alternative.

Robert Hopkins: Did you submit an alternative?

Robert Lefebvre: Based on the (inaudible) that was presented. I believe that Mr. Fiske's analysis there were numbers...(inaudible).

Robert Hopkins: But based on the evidence before us any discussion about the fair net operating income formula that we're going to be using tonight?

Sharyn Riley: No, advice of counsel and the reading of the Ordinance I don't have any problem.

Robert Hopkins: I don't think we have any choice but to abide by the Chicopee Code. Alright, the Operating Expense is \$183,564.15 with the adjustments that we determined through our deliberation and the assessed value of Phase 1 and 2 is what?

Sharyn Riley: Phase 1 is \$825,000.00, Phase 2 is \$1,975,000.00 for a total of \$2,008,000.00.

David Sanborn: You can't (inaudible) Phase 2 has the water & sewer bill...

Robert Hopkins: So, when we went through and figured this we figured only on the total, we didn't split it.

Sharyn Riley: We can (inaudible) the grand total and take a percentage of it, right?

Christine Lessing-Provost: You can't, the water bill of \$54,000.00 is completely applicable to just one phase.

Sharyn Riley: Oh, I see that, yes.

Christine Lessing-Provost: And then the taxes are on one section they're only \$9,200.00, \$9,300.00 but the others are \$26,000.00. I guess you have to back it out.

Sharyn Riley: We analyzed every single one, snow, water and sewer bills are actual, we took out all the repairs that hadn't happened.

Robert Hopkins: Anything that was projected, we've taken out.

Ronald Lafond: I make a Motion that we accept what we came up with.

Robert Hopkins: The Motion is that, Phase 1, that we will allow a rent increase for Holiday Park based on the evidence presented and the Rules of which we have to operate under is \$56.27, Phase 2 is \$33.00 even.

Sharyn Riley: I second the Motion.

Robert Hopkins: Okay, Motion seconded. All those in favor?

Board: I. *Motion passes unanimously.*

Robert Hopkins: Before we finish with this, two things before we take a break, printing expenses, are we going to allow that.

Sharyn Riley: I will make a Motion not to accept.

Robert Hopkins: Do we want to prohibit them from coming back for two years.

Sharyn Riley: I will make the Motion for them to come back next year.

Ronald Lafond: I second the Motion.

Robert Hopkins: All in favor, any oppose. *Motion passes unanimously.*

Robert Hopkins: To be effective May 1, 2011. (10 minute recess). (This will complete the Holiday Circle Mobilehome Park Hearing).

KON TIKI MOBILEHOME PARK CONTINUATION OF FEBRUARY 28, 2011 HEARING

Robert Hopkins: Continuing the March 14, 2011 Mobilehome Control Board hearing, now moving to Kon Tiki Mobilehome Park and continuation of the proposal that we received earlier and, again, the evidentiary phase has passed, so this will only be the deliberation of the allowing for the acceptable operation expenses of the park plus the profit allowed through the City Ordinance that states the method by of which we must determine the rate. The things we removed were the Rent Control Fees, the trash was reduced, and also the \$2,000 or so, the fence

was not replaced, so a total of \$50,410.00, that part we already determined to be correct. The original proposal was for an increase in rent of \$108.13 a month is what was proposed, but again, we have the formula to go by, got some of the expenses out and were not going to be allowed by the last deliberation. So again, we have to wrestle with the fair net operating income and the evidence presented, and again, the only evidence presented on this issue was from the Jean Real Estate and that, again, is 6.25% as determined by the evidence presented as the mortgage rate for a first commercial mortgage. That's what the statute says we have to use. The figure in which we apply that to has to be the assessed value of the property. \$40,427.40 (6.5%) is what the fair net operating income.

Well, \$244.19 from \$150.00 is quite an increase. That is what they're legally entitled to. We did receive correspondence that the owner's would be willing to have that as a phased increase. Right now, you're looking at an increase of \$94.19 a month. The only other thing that was proposed was that instead of being \$94.19 this year it would be phased in over a two-year period.

Sharyn Riley: They recommended a two-year period with doing 2/3rd's and 1/3rd.

Robert Hopkins: We're trying to do something that's fair, it's not easy because the statute clearly states what their entitled to.

Christine Lessing-Provost: The City of Chicopee has an Ordinance on the books related to how the figures are calculated.

Tenant: Where did you get that code? When (inaudible).

Christine Lessing-Provost: It's been in effect for years.

Robert Hopkins: We're here to determine the reasonableness of the operating expenses.

Christine Lessing-Provost: May I make a comment, that's part of the issue, there was no evidence presented as a group for them to consider. And that's why when they have the initial meeting and set up the dates and tell you to have your proposals in by certain dates, it's at that time, as you saw, the other park had an attorney present, however, they too didn't have their attorney file anything within the allotted time periods which we have to follow by law. So there might have been additional evidence that they could have presented and there might have been additional evidence that you could have presented as a group for the Board to consider, but we received nothing.

Tenant: \$94.67 is the increase?

Robert Hopkins: \$94.19 is what the figures we arrived at under the Ordinances.

Ronald Lafond: I would prefer to go half and half.

Robert Hopkins: Attorney Lessing, can we impose a phased increase.

Christine Lessing-Provost: Of course you can.

Ronald Lafond: I make a Motion to do half and half.

Sharyn Riley: Well, if we make that Motion we have to put a stipulation that they can't come back for at least two years.

Robert Hopkins: Yea, that's fine.

Sharyn Riley: I will second that Motion.

Robert Hopkins: Alright, the Motion is made and seconded that instead of the entire \$94.19 being assessed in its entirety immediately in the beginning of May that the Motion be made that we have it be 50% this year and 50% the following year at \$47.10. All those in favor?

Board: Yes. *Motion passes unanimously.*

Robert Hopkins: We will write the order that the rent increase will be allowed at \$47.10 per month beginning this year, May 1st and May 1, 2012 it can go to \$47.10 and that we will not entertain a proposal from Kon Tiki hence. Any other business to come before the Board tonight? And that will become effective May 1st.

Ronald Lafond: I make a Motion to adjourn.

Motion to adjourn at 8:15.